

ANNUAL STATEMENT

OF THE

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

of PROVIDENCE COUNTY

in the state of RHODE ISLAND

TO THE

Insurance Department

OF THE

RHODE ISLAND

FOR THE YEAR ENDED

December 31, 2013

HEALTH

2013



53473201320100100

HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

NAIC Group Code	0000	NAIC Company Code	53473	Employer's ID Number	05-0158952
	(Current Period)		(Prior Period)		
Organized under the Laws of	STATE OF RHODE ISLAND			, State of Domicile or Port of Entry	
Country of Domicile	UNITED STATES				
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity [X]				
	Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization []				
	Other [] Is HMO Federally Qualified? Yes [] No []				
Incorporated/Organized	February 27, 1939			Commenced Business: September 1, 1939	
Statutory Home Office	500 EXCHANGE STREET			PROVIDENCE, RI, US 02903	
	(Street and Number)			(City or Town, State, Country and Zip Code)	
Main Administrative Office	500 EXCHANGE STREET				
	(Street and Number)				
	PROVIDENCE, RI, US 02903			401-459-1000	
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)	
Mail Address	500 EXCHANGE STREET			PROVIDENCE, RI, US 02903	
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	500 EXCHANGE STREET			PROVIDENCE, RI, US 02903 401-459-1000	
	(Street and Number)			(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)	
Internet Website Address	WWW.BCBSRI.COM				
Statutory Statement Contact	BRIAN M. O'MALLEY			401-459-1924	
	(Name)			(Area Code) (Telephone Number) (Extension)	
	BRIAN.O'MALLEY@BCBSRI.ORG			401-459-1198	
	(E-Mail Address)			(Fax Number)	

OFFICERS

	Name	Title
1.	PETER ANDRUSZKIEWICZ	PRESIDENT & CEO
2.	MICHELE B. LEDERBERG	EVP. & GEN. COUNSEL
3.	MICHAEL W. HUDSON	EXECUTIVE VICE PRESIDENT & CFO

VICE-PRESIDENTS

Name	Title	Name	Title
CHRISTOPHER G. BUSH	V.P. - UNDERWRITING	JEREMY DUNCAN	V.P. - COMMUNICATIONS
JIM GALLAGHER	V.P. - PRODUCT DEVELOPMENT	PAUL HANLON	SR.VP & CHIEF INFORMATION OFFICER
ELLIE HARRISON #	SR. V.P. - HUMAN RESOURCES	ERIK HELMS #	V.P. - MEDICAL ECONOMICS
MARC HUDAK	V.P. - CARE INNOVAT. & INTEGRATION	AUGUSTINE A. MANOCCHIA M.D.	SR. V.P. & CHIEF MEDICAL OFFICER
MONICA A. NERONHA	V.P. - LEGAL SERVICES	BRIAN M. O'MALLEY	V.P. - FINANCE
VISAEAL RODRIGUEZ	CHIEF DIVERSITY OFFICER	MARK D. WAGGONER	SR. V.P. - NETWORK. & CONTRACTING
WILLIAM K. WRAY	CHIEF OPERATING OFFICER	ROBERT S. WOLFKIEL	V.P. & CHIEF SALES OFFICER

DIRECTORS OR TRUSTEES

DENISE A. BARGE	ANGELO BUTERA #	FREDRIC V. CHRISTIAN M.D.	MICHAEL V. D'AMBRA
SCOTT DUHAMEL	CARRIE B. FELIZ #	JAMES A. HARRINGTON	PETER C. HAYES
JUANA I. HORTON	ELIZABETH B. LANGE M.D.	JOHN C. LANGENUS #	WARREN E. LICHT M.D.
CHUCK LOCURTO	JOHN P. MAGUIRE	CAROL A. MUMFORD	ROBERT G. NORTON
ANNE E. POWERS	MERRILL. SHERMAN #	RANDY A. WYROFSKY	

State of RHODE ISLAND
County of PROVIDENCE ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
PETER ANDRUSZKIEWICZ	MICHELE B. LEDERBERG	MICHAEL W. HUDSON
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
PRESIDENT & CEO	EVP. & GEN. COUNSEL	EXECUTIVE VICE PRESIDENT & CFO
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2014 by _____

a. Is this an original filing? [X] Yes [] No

b. If no: 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	235,571,935		235,571,935	294,668,202
2. Stocks (Schedule D):				
2.1 Preferred stocks	485,240		485,240	292,774
2.2 Common stocks	76,820,432		76,820,432	55,978,303
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 79,394,437 encumbrances)	33,044,149		33,044,149	32,375,550
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 7,506,565, Schedule E - Part 1), cash equivalents (\$ 2,160,605, Schedule E - Part 2), and short-term investments (\$ 27,154,102, Schedule DA)	36,821,272		36,821,272	21,792,124
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	98,399,476		98,399,476	48,045,067
9. Receivables for securities	369		369	182,847
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	481,142,873		481,142,873	453,334,867
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,318,434		1,318,434	2,209,173
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	54,914,030	1,074,125	53,839,905	56,733,883
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums	512,305	327,725	184,580	1,588,518
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	441,339		441,339	484,268
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	24,495,947		24,495,947	19,458,657
18.1 Current federal and foreign income tax recoverable and interest thereon	126,672		126,672	
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	130,240,283	128,288,754	1,951,529	1,809,265
21. Furniture and equipment, including health care delivery assets (\$ 0)	6,174,580	6,174,580		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				394,314
24. Health care (\$ 14,323,933) and other amounts receivable	16,407,352	2,083,419	14,323,933	21,108,376
25. Aggregate write-ins for other than invested assets	104,240,538	80,599,853	23,640,685	26,567,668
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	820,014,353	218,548,456	601,465,897	583,688,989
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	820,014,353	218,548,456	601,465,897	583,688,989

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. PREPAID EXPENSES	80,288,932	80,288,932		
2502. OTHER RECEIVABLES	13,859,284		13,859,284	15,490,274
2503. FEP UNPAID CLAIMS	9,530,000		9,530,000	8,909,000
2598. Summary of remaining write-ins for Line 25 from overflow page	562,322	310,921	251,401	2,168,394
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	104,240,538	80,599,853	23,640,685	26,567,668

NONE

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	134,783,138		134,783,138	134,015,867
2. Accrued medical incentive pool and bonus amounts	3,455,014		3,455,014	1,242,400
3. Unpaid claims adjustment expenses	20,860,391		20,860,391	28,095,650
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	23,251,448		23,251,448	25,503,732
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves	1,569,000		1,569,000	1,777,000
8. Premiums received in advance	19,473,223		19,473,223	16,710,450
9. General expenses due or accrued	30,551,320		30,551,320	34,176,802
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				233,415
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable	261,909		261,909	281,008
12. Amounts withheld or retained for the account of others	1,549,903		1,549,903	2,901,933
13. Remittances and items not allocated	1,255,537		1,255,537	1,378,889
14. Borrowed money (including \$ 35,000,000 current) and interest thereon \$ 22,954 (including \$ 22,954 current)	35,022,954		35,022,954	35,024,605
15. Amounts due to parent, subsidiaries and affiliates				539,184
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ (0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	19,962,979		19,962,979	22,278,373
23. Aggregate write-ins for other liabilities (including \$ 18,098,756 current)	21,867,881		21,867,881	19,346,226
24. Total liabilities (Lines 1 to 23)	313,864,697		313,864,697	323,505,534
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	287,601,200	260,183,455
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	287,601,200	260,183,455
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	601,465,897	583,688,989

DETAILS OF WRITE-IN LINES				
2301. OTHER ACCOUNTS PAYABLE	7,869,804		7,869,804	10,450,424
2302. ACCRUED CAPITAL EXPENSES	6,383,197		6,383,197	4,899,099
2303. UNFUNDED ACCUMULATED BENEFIT OBLIGATION	3,623,488		3,623,488	
2398. Summary of remaining write-ins for Line 23 from overflow page	3,991,392		3,991,392	3,996,703
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	21,867,881		21,867,881	19,346,226
2501. ADMITTED ADJUSTED GROSS DEFERRED TAX ASSET	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

NONE

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	4,144,418	4,280,870
2. Net premium income (including \$ 0 non-health premium income)	X X X	1,539,968,331	1,535,628,750
3. Change in unearned premium reserves and reserve for rate credits	X X X	(2,252,284)	22,486,072
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	1,537,716,047	1,558,114,822
Hospital and Medical:			
9. Hospital/medical benefits		915,777,713	957,611,541
10. Other professional services		22,736,743	23,415,799
11. Outside referrals			
12. Emergency room and out-of-area		161,384,813	157,660,836
13. Prescription drugs		172,887,965	192,416,629
14. Aggregate write-ins for other hospital and medical		44,179,792	41,896,746
15. Incentive pool, withhold adjustments and bonus amounts		5,551,966	1,802,457
16. Subtotal (Lines 9 to 15)		1,322,518,992	1,374,804,008
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		1,322,518,992	1,374,804,008
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 22,264,171 cost containment expenses		69,234,306	84,909,363
21. General administrative expenses		145,715,432	149,111,473
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		1,537,468,730	1,608,824,844
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	247,317	(50,710,022)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		8,235,632	13,250,290
26. Net realized capital gains (losses) less capital gains tax of \$ 0		13,803,292	3,414,210
27. Net investment gains (losses) (Lines 25 plus 26)		22,038,924	16,664,500
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses		(416,416)	(7,448,147)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	21,869,825	(41,493,669)
31. Federal and foreign income taxes incurred	X X X	121,131	42,780
32. Net income (loss) (Lines 30 minus 31)	X X X	21,748,694	(41,536,449)

DETAILS OF WRITE-IN LINES			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X		
1401. MENTAL HEALTH		44,179,792	41,896,746
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		44,179,792	41,896,746
2901. GOOD HEALTH BENEFIT REVENUE		3,618,174	4,292,405
2902. INTEREST IRS		10,968	(57,967)
2903. OTHER INCOME (NOTE RECEIVABLE)		6,167	6,167
2998. Summary of remaining write-ins for Line 29 from overflow page		(4,051,725)	(11,688,752)
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		(416,416)	(7,448,147)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	260,183,455	323,401,959
34. Net income or (loss) from Line 32	21,748,694	(41,536,449)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	13,119,993	6,471,085
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		(40,132,342)
39. Change in nonadmitted assets	(8,470,616)	17,822,839
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	1,019,674	(5,843,637)
48. Net change in capital and surplus (Lines 34 to 47)	27,417,745	(63,218,504)
49. Capital and surplus end of reporting year (Line 33 plus 48)	287,601,200	260,183,455

DETAILS OF WRITE-IN LINES		
4701. CHANGE IN UNRECOGNIZED PRIOR SERVICE COST	4,643,163	(554,763)
4702. ADMITTED ADJUSTED GROSS DEFERRED TAX ASSET		
4703. PENSION COST SETTLEMENT		(346,313)
4798. Summary of remaining write-ins for Line 47 from overflow page	(3,623,489)	(4,942,561)
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	1,019,674	(5,843,637)

CASH FLOW

Cash from Operations		1	2
		Current Year	Prior Year
1.	Premiums collected net of reinsurance	1,538,689,131	1,533,015,508
2.	Net investment income	10,993,107	14,874,946
3.	Miscellaneous income	(3,178,418)	(10,054,109)
4.	Total (Lines 1 through 3)	1,546,503,820	1,537,836,345
5.	Benefit and loss related payments	1,373,822,881	1,398,517,883
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	149,340,914	155,283,914
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	550,000	(182,220)
10.	Total (Lines 5 through 9)	1,523,713,795	1,553,619,577
11.	Net cash from operations (Line 4 minus Line 10)	22,790,025	(15,783,232)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	219,963,524	173,986,599
12.2	Stocks	27,801,676	6,841,643
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	307,835	5,433,124
12.6	Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	(2,933,265)	(2,772,591)
12.8	Total investment proceeds (Lines 12.1 to 12.7)	245,139,770	183,488,775
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	153,252,098	125,992,321
13.2	Stocks	35,979,052	15,881,714
13.3	Mortgage loans		
13.4	Real estate	193,483	3,469
13.5	Other invested assets	49,127,699	11,938,758
13.6	Miscellaneous applications	23,961,372	24,035,763
13.7	Total investments acquired (Lines 13.1 to 13.6)	262,513,704	177,852,025
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(17,373,934)	5,636,750
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds	(1,651)	15,006,329
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	9,614,708	1,694,629
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	9,613,057	16,700,958
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	15,029,148	6,554,476
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	21,792,124	15,237,648
19.2	End of year (Line 18 plus Line 19.1)	36,821,272	21,792,124

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,539,968,331	959,121,826	54,736,395	27,886,823		99,969,355	376,711,965		21,541,967	
2. Change in unearned premium reserves and reserve for rate credit	(2,252,284)					(2,252,284)				
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6)	1,537,716,047	959,121,826	54,736,395	27,886,823		97,717,071	376,711,965		21,541,967	
8. Hospital/medical benefits	915,777,713	543,300,154	42,774,605			68,657,450	260,260,892	614	783,998	X X X
9. Other professional services	22,736,743			22,736,743						X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	161,384,813	120,223,518					41,023,170		138,125	X X X
12. Prescription drugs	172,887,965	109,242,788				22,767,924	27,835,852	(871)	13,042,272	X X X
13. Aggregate write-ins for other hospital and medical	44,179,792	37,782,005					6,397,787			X X X
14. Incentive pool, withhold adjustments and bonus amounts	5,551,966	4,830,210					721,756			X X X
15. Subtotal (Lines 8 to 14)	1,322,518,992	815,378,675	42,774,605	22,736,743		91,425,374	336,239,457	(257)	13,964,395	X X X
16. Net reinsurance recoveries										X X X
17. Total hospital and medical (Lines 15 minus 16)	1,322,518,992	815,378,675	42,774,605	22,736,743		91,425,374	336,239,457	(257)	13,964,395	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 22,264,171 cost containment expenses	69,234,306	43,149,548	2,786,417	970,657		3,044,029	18,507,225		776,430	
20. General administrative expenses	145,715,432	106,892,936	4,361,909	1,519,483		2,754,122	28,971,546		1,215,436	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	1,537,468,730	965,421,159	49,922,931	25,226,883		97,223,525	383,718,228	(257)	15,956,261	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	247,317	(6,299,333)	4,813,464	2,659,940		493,546	(7,006,263)	257	5,585,706	

DETAILS OF WRITE-IN LINES										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 05 from overflow page										X X X
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. MENTAL HEALTH	44,179,792	37,782,005					6,397,787			X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	44,179,792	37,782,005					6,397,787			X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 – PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	959,256,075		134,249	959,121,826
2. Medicare Supplement	54,736,395			54,736,395
3. Dental only	27,886,823			27,886,823
4. Vision only				
5. Federal Employees Health Benefits Plan	97,717,071			97,717,071
6. Title XVIII – Medicare	376,711,965			376,711,965
7. Title XIX – Medicaid				
8. Other health	24,642,736		3,100,769	21,541,967
9. Health subtotal (Lines 1 through 8)	1,540,951,065		3,235,018	1,537,716,047
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	1,540,951,065		3,235,018	1,537,716,047

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,351,516,794	842,508,122	43,593,266	23,245,743		90,808,727	337,496,492	742	13,863,702	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,351,516,794	842,508,122	43,593,266	23,245,743		90,808,727	337,496,492	742	13,863,702	
2. Paid medical incentive pools and bonuses	3,339,352	2,704,875					634,477			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	134,783,138	79,726,306	6,778,000	1,492,000		9,542,479	35,891,110		1,353,243	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	134,783,138	79,726,306	6,778,000	1,492,000		9,542,479	35,891,110		1,353,243	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	1,569,000	1,569,000								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	1,569,000	1,569,000								
5. Accrued medical incentive pools and bonuses, current year	3,455,014	2,798,561					656,453			
6. Net healthcare receivables (a)	29,557,073	22,801,645	61,661				6,692,896	871		
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	134,015,867	83,672,043	7,535,000	2,001,000		8,925,832	30,455,248	129	1,426,615	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	134,015,867	83,672,043	7,535,000	2,001,000		8,925,832	30,455,248	129	1,426,615	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	1,777,000	1,777,000								
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net	1,777,000	1,777,000								
10. Accrued medical incentive pools and bonuses, prior year	1,242,400	1,006,344					236,056			
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	1,322,518,992	815,552,740	42,774,605	22,736,743		91,425,374	336,239,458	(258)	13,790,330	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	1,322,518,992	815,552,740	42,774,605	22,736,743		91,425,374	336,239,458	(258)	13,790,330	
13. Incurred medical incentive pools and bonuses	5,551,966	4,497,092					1,054,874			

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	61,173,689	38,610,223	874,362	637,084		3,740,652	15,958,125		1,353,243	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	61,173,689	38,610,223	874,362	637,084		3,740,652	15,958,125		1,353,243	
2. Incurred but Unreported:										
2.1 Direct	73,609,449	41,116,083	5,903,638	854,916		5,801,827	19,932,985			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	73,609,449	41,116,083	5,903,638	854,916		5,801,827	19,932,985			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	134,783,138	79,726,306	6,778,000	1,492,000		9,542,479	35,891,110		1,353,243	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	134,783,138	79,726,306	6,778,000	1,492,000		9,542,479	35,891,110		1,353,243	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	95,372,429	749,299,463	5,101,965	87,927,975	100,474,394	99,347,357
2. Medicare Supplement	5,940,241	37,600,507	295,788	6,561,777	6,236,029	7,562,137
3. Dental only	2,031,691	21,214,052	1,662	1,490,338	2,033,353	2,001,000
4. Vision only						
5. Federal Employees Health Benefits Plan	8,503,030	82,305,697	87,510	9,454,969	8,590,540	8,925,832
6. Title XVIII – Medicare	31,361,790	307,683,446	1,293,693	37,506,187	32,655,483	34,912,762
7. Title XIX – Medicaid	160,479				160,479	159,866
8. Other health	1,094,717	12,768,985	154,890	1,198,353	1,249,607	1,426,615
9. Health subtotal (Lines 1 through 8)	144,464,377	1,210,872,150	6,935,508	144,139,599	151,399,885	154,335,569
10. Health care receivables (a)	17,803,646	15,573,160	4,900,152	9,822,817	22,703,798	18,542,702
11. Other non-health						
12. Medical incentive pools and bonus amounts	910,954	2,428,398		3,455,014	910,954	1,242,400
13. Totals (Lines 9 - 10 + 11 + 12)	127,571,685	1,197,727,388	2,035,356	137,771,796	129,607,041	137,035,267

11

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Hospital & Medical

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	884,862	884,892	884,672	884,502	884,388
2. 2009	802,429	848,695	848,453	848,195	848,081
3. 2010	X X X	791,064	837,053	837,065	837,054
4. 2011	X X X	X X X	770,841	829,118	829,121
5. 2012	X X X	X X X	X X X	768,610	835,757
6. 2013	X X X	X X X	X X X	X X X	749,299

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	884,862	884,892	884,672	884,502	884,388
2. 2009	802,429	848,695	848,453	848,195	848,081
3. 2010	X X X	791,064	837,053	837,065	837,054
4. 2011	X X X	X X X	770,841	829,118	829,121
5. 2012	X X X	X X X	X X X	768,610	840,859
6. 2013	X X X	X X X	X X X	X X X	837,927

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	1,025,508	848,081			848,081	82.699			848,081	82.699
2. 2010	994,471	837,054			837,054	84.171			837,054	84.171
3. 2011	984,903	829,121			829,121	84.183			829,121	84.183
4. 2012	968,153	835,757	23,829	2.851	859,586	88.786	5,102	708	865,396	89.386
5. 2013	959,122	749,299	23,829	3.180	773,128	80.608	87,928	12,293	873,349	91.057

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Medicare Supplement

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	40,210	40,116	40,109	40,092	40,086
2. 2009	38,660	34,284	34,439	34,412	34,409
3. 2010	X X X	39,131	43,553	43,562	43,556
4. 2011	X X X	X X X	36,294	42,480	42,514
5. 2012	X X X	X X X	X X X	37,499	43,404
6. 2013	X X X	X X X	X X X	X X X	37,601

Section B – Incurred Health Claims

12MS

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	40,210	40,118	40,109	40,092	40,086
2. 2009	38,660	34,284	34,439	34,412	34,409
3. 2010	X X X	39,131	43,553	43,562	43,556
4. 2011	X X X	X X X	36,294	42,480	42,514
5. 2012	X X X	X X X	X X X	37,499	43,700
6. 2013	X X X	X X X	X X X	X X X	44,163

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	47,615	34,409			34,409	72.265			34,409	72.265
2. 2010	49,155	43,556			43,556	88.610			43,556	88.610
3. 2011	52,710	42,514			42,514	80.656			42,514	80.656
4. 2012	53,964	43,404	1,228	2.829	44,632	82.707	296	29	44,957	83.309
5. 2013	54,736	37,601	1,228	3.266	38,829	70.939	6,562	641	46,032	84.098

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Dental Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	26,711	26,724	26,723	27,220	27,220
2. 2009	25,341	27,214	27,221	26,584	26,584
3. 2010	X X X	25,341	26,583	22,786	22,785
4. 2011	X X X	X X X	21,387	22,751	22,753
5. 2012	X X X	X X X	X X X	21,354	23,401
6. 2013	X X X	X X X	X X X	X X X	21,214

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	26,711	26,724	26,723	27,220	27,220
2. 2009	25,341	27,214	27,221	26,584	26,584
3. 2010	X X X	25,341	26,583	22,786	22,785
4. 2011	X X X	X X X	21,387	22,751	22,753
5. 2012	X X X	X X X	X X X	21,354	23,403
6. 2013	X X X	X X X	X X X	X X X	22,704

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	30,611	26,584			26,584	86.845			26,584	86.845
2. 2010	28,647	22,785			22,785	79.537			22,785	79.537
3. 2011	27,947	22,753			22,753	81.415			22,753	81.415
4. 2012	28,711	23,401	656	2.803	24,057	83.790	2		24,059	83.797
5. 2013	27,887	21,214	656	3.092	21,870	78.424	1,490	357	23,717	85.047

Vision Only

Section A – Paid Health Claims

NONE

Section B – Incurred Health Claims

NONE

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Fed Emp Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	90,734	90,766	90,759	90,795	90,758
2. 2009	87,548	92,533	92,567	92,569	92,558
3. 2010	X X X	87,691	94,835	94,731	94,590
4. 2011	X X X	X X X	86,814	86,710	86,777
5. 2012	X X X	X X X	X X X	85,195	93,826
6. 2013	X X X	X X X	X X X	X X X	82,306

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	90,734	90,766	90,759	90,795	90,758
2. 2009	87,548	92,533	92,567	92,569	92,558
3. 2010	X X X	87,691	94,835	94,731	94,590
4. 2011	X X X	X X X	86,814	86,710	86,777
5. 2012	X X X	X X X	X X X	85,195	93,914
6. 2013	X X X	X X X	X X X	X X X	91,761

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	98,433	92,558			92,558	94.031			92,558	94.031
2. 2010	100,990	94,590			94,590	93.663			94,590	93.663
3. 2011	101,949	86,777			86,777	85.118			86,777	85.118
4. 2012	101,536	93,826	2,562	2.731	96,388	94.930	88	13	96,489	95.029
5. 2013	97,717	82,306	2,562	3.113	84,868	86.851	9,455	1,385	95,708	97.944

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Title XVIII - Medicare

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	365,858	366,222	366,151	366,136	366,119
2. 2009	354,675	375,778	375,414	375,380	375,353
3. 2010	X X X	317,255	339,653	339,500	339,436
4. 2011	X X X	X X X	323,949	346,962	346,932
5. 2012	X X X	X X X	X X X	327,525	352,590
6. 2013	X X X	X X X	X X X	X X X	307,683

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	365,858	366,222	366,151	366,136	366,119
2. 2009	354,675	375,778	375,414	375,380	375,353
3. 2010	X X X	317,255	339,653	339,500	339,436
4. 2011	X X X	X X X	323,949	346,962	346,932
5. 2012	X X X	X X X	X X X	327,525	353,884
6. 2013	X X X	X X X	X X X	X X X	354,189

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	440,831	375,353			375,353	85.147			375,353	85.147
2. 2010	396,335	339,436			339,436	85.644			339,436	85.644
3. 2011	382,919	346,932			346,932	90.602			346,932	90.602
4. 2012	384,938	352,590	9,565	2.713	362,155	94.081	1,294	174	363,623	94.463
5. 2013	376,712	307,683	9,565	3.109	317,248	84.215	37,506	5,044	359,798	95.510

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Title XIX - Medicaid

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	36,632	36,630	36,613	36,607	38,596
2. 2009	37,979	41,662	41,689	41,675	41,673
3. 2010	X X X	36,632	37,571	37,557	37,569
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	36,632	36,630	36,613	36,607	36,596
2. 2009	37,979	41,662	41,689	41,675	41,673
3. 2010	X X X	36,632	37,571	37,557	37,569
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	43,879	41,673			41,673	94.973			41,673	94.973
2. 2010	42,312	37,569			37,569	88.790			37,569	88.790
3. 2011	(228)									
4. 2012										
5. 2013										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Other

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	10,501	10,501	10,501	10,501	10,501
2. 2009	11,349	11,928	11,928	11,928	11,928
3. 2010	X X X	14,331	15,351	15,351	15,351
4. 2011	X X X	X X X	12,459	13,313	13,654
5. 2012	X X X	X X X	X X X	12,800	13,895
6. 2013	X X X	X X X	X X X	X X X	12,709

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	10,501	10,501	10,501	10,501	10,501
2. 2009	11,349	11,928	11,928	11,928	11,928
3. 2010	X X X	14,331	15,351	15,351	15,351
4. 2011	X X X	X X X	12,459	13,313	13,654
5. 2012	X X X	X X X	X X X	12,800	14,050
6. 2013	X X X	X X X	X X X	X X X	13,967

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	15,014	11,928			11,928	79.446			11,928	79.446
2. 2010	17,979	15,351			15,351	85.383			15,351	85.383
3. 2011	18,719	13,654			13,654	72.942			13,654	72.942
4. 2012	20,810	13,895	391	2.814	14,286	68.650	155	24	14,465	69.510
5. 2013	21,542	12,769	391	3.062	13,160	61.090	1,198	189	14,547	67.529

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Grand Total

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	1,455,508	1,455,851	1,455,528	1,455,853	1,457,668
2. 2009	1,357,981	1,432,094	1,431,711	1,430,743	1,430,586
3. 2010	X X X	1,311,445	1,394,599	1,390,552	1,390,341
4. 2011	X X X	X X X	1,251,744	1,341,334	1,341,751
5. 2012	X X X	X X X	X X X	1,252,983	1,362,873
6. 2013	X X X	X X X	X X X	X X X	1,210,812

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	1,455,508	1,455,853	1,455,528	1,455,853	1,455,668
2. 2009	1,357,981	1,432,094	1,431,711	1,430,743	1,430,586
3. 2010	X X X	1,311,445	1,394,599	1,390,552	1,390,341
4. 2011	X X X	X X X	1,251,744	1,341,334	1,341,751
5. 2012	X X X	X X X	X X X	1,252,983	1,369,810
6. 2013	X X X	X X X	X X X	X X X	1,364,711

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	1,701,891	1,430,586			1,430,586	84.059			1,430,586	84.059
2. 2010	1,629,889	1,390,341			1,390,341	85.303			1,390,341	85.303
3. 2011	1,568,919	1,341,751			1,341,751	85.521			1,341,751	85.521
4. 2012	1,558,112	1,362,873	38,231	2.805	1,401,104	89.923	6,937	948	1,408,989	90.429
5. 2013	1,537,716	1,210,872	38,231	3.157	1,249,103	81.231	144,139	19,909	1,413,151	91.899

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D – AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ 0 for investment income)									
5. Aggregate write-ins for other policy reserves	23,251,448	23,251,448							
6. Totals (gross)	23,251,448	23,251,448							
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	23,251,448	23,251,448							
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits	680,000	680,000							
11. Aggregate write-ins for other claim reserves	889,000	889,000							
12. Totals (gross)	1,569,000	1,569,000							
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)	1,569,000	1,569,000							

DETAILS OF WRITE-IN LINES									
0501. FEP UNEARNED PREMIUM RESERVE		23,251,448	23,251,448						
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		23,251,448	23,251,448						
1101. MATERNITY		889,000	889,000						
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)		889,000	889,000						

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ 11,151,691 for occupancy of own building)		4,719,513	7,406,907		12,126,420
2. Salaries, wages and other benefits	19,847,673	14,828,284	52,239,520		86,915,477
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			16,103,607		16,103,607
4. Legal fees and expenses			1,625,109		1,625,109
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	370,453	8,947,064	19,291,811		28,609,328
7. Traveling expenses	72,868	189,512	1,033,517		1,295,897
8. Marketing and advertising	3,608	22,070	4,107,823		4,133,501
9. Postage, express and telephone	56,457	1,041,057	3,742,933		4,840,447
10. Printing and office supplies	30,703	171,227	1,125,719		1,327,649
11. Occupancy, depreciation and amortization	62,098	319,649	796,508		1,178,255
12. Equipment					
13. Cost or depreciation of EDP equipment and software	2,170,706	12,743,127	10,121,159		25,034,992
14. Outsourced services including EDP, claims, and other services	6,568,969	23,395,084	22,815,842		52,779,895
15. Boards, bureaus and association fees	36,625	28,876	2,239,478		2,304,979
16. Insurance, except on real estate	3,018		785,087		788,105
17. Collection and bank service charges					
18. Group service and administration fees			3,298,329		3,298,329
19. Reimbursements by uninsured plans	(4,750,361)	(11,630,180)	(25,643,610)		(42,024,151)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses				7,650,028	7,650,028
22. Real estate taxes				1,043,127	1,043,127
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			20,809,112		20,809,112
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes	1,214,423	860,020	3,560,030		5,634,473
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	(3,423,069)	(8,665,168)	256,551	884,086	(10,947,600)
26. Total expenses incurred (Lines 1 to 25)	22,264,171	46,970,135	145,715,432	9,577,241	(a) 224,526,979
27. Less expenses unpaid December 31, current year	6,049,519	14,810,872	30,551,320		51,411,711
28. Add expenses unpaid December 31, prior year	9,221,330	18,874,319	34,176,802		62,272,451
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	25,435,982	51,033,582	149,340,914	9,577,241	235,387,719

DETAILS OF WRITE-IN LINES					
2501. ADMINISTRATIVE ALLOWANCES	460,442	1,149,932	(145,541)		1,464,833
2502. MISCELLANEOUS	23,655	343,498	240,494		607,647
2503. HOME PLAN SERVICE CHARGE		7,026,675			7,026,675
2598. Summary of remaining write-ins for Line 25 from overflow page	(3,907,166)	(17,185,273)	161,598	884,086	(20,046,755)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(3,423,069)	(8,665,168)	256,551	884,086	(10,947,600)

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 3,106,098	2,506,320
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 4,399,959	4,109,018
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b) 1,822,444	1,822,444
2.2 Common stocks (unaffiliated)	717,385	717,385
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 11,151,691	11,151,691
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 155,268	155,268
7. Derivative instruments	(f)	
8. Other invested assets	1,127,699	1,127,699
9. Aggregate write-ins for investment income		(1,318,416)
10. Total gross investment income	22,480,544	20,271,409
11. Investment expenses		(g) 9,577,241
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 2,458,536
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		12,035,777
17. Net investment income (Line 10 minus Line 16)		8,235,632

DETAILS OF WRITE-IN LINES		
0901. INVESTMENT EXPENSES INTERNAL COSTS INVESTING AND INCOME		(1,099,908)
0902. PROMPT PAY INTEREST		(218,508)
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(1,318,416)
1501.	NONE	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ (71,020) accrual of discount less \$ 1,795,716 amortization of premium and less \$ 497,922 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 11,151,691 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 9,577,241 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 2,458,536 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	4,693,253		4,693,253	(488,585)	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	5,277,229		5,277,229		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	5,007,418	(1,176,298)	3,831,120	8,977,662	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	1,690		1,690	4,630,916	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	14,979,590	(1,176,298)	13,803,292	13,119,993	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,074,125	663,909	(410,216)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums	327,725	327,725	
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	128,288,754	119,039,284	(9,249,470)
21. Furniture and equipment, including health care delivery assets	6,174,580	7,125,621	951,041
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	2,083,419	3,181,502	1,098,083
25. Aggregate write-ins for other than invested assets	80,599,853	79,739,800	(860,053)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	218,548,456	210,077,841	(8,470,615)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	218,548,456	210,077,841	(8,470,615)

DETAILS OF WRITE-IN LINES			
1101.	NONE		
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. PREPAID EXPENSES	80,288,932	79,731,290	(557,642)
2502. LEASEHOLD IMPROVEMENTS	303,295		(303,295)
2503. INVENTORY	7,626		(7,626)
2598. Summary of remaining write-ins for Line 25 from overflow page		8,510	8,510
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	80,599,853	79,739,800	(860,053)

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	247,629	247,086	244,944	245,281	245,090	2,943,034
4. Point of Service						
5. Indemnity Only	4,343	4,184	3,886	2,788	2,724	41,723
6. Aggregate write-ins for other lines of business	103,366	96,690	96,869	96,213	96,364	1,159,661
7. Total	355,338	347,960	345,699	344,282	344,178	4,144,418

DETAILS OF WRITE-IN LINES						
0601. STOP LOSS	39,582	37,631	37,598	37,480	37,693	451,710
0602. MEDICARE SUPPLEMENT	24,985	24,852	24,894	25,006	25,006	299,209
0603. DENTAL ONLY	28,405	23,959	24,135	23,384	23,252	284,727
0698. Summary of remaining write-ins for Line 06 from overflow page	10,394	10,248	10,242	10,343	10,413	124,015
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	103,366	96,690	96,869	96,213	96,364	1,159,661

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

- (1) The annual statement has been completed in accordance with the NAIC Accounting Practices and Procedures manual.
- (2) The Plan’s 2013 annual statement excludes Administrative Service Contract (ASC) business from revenue, and medical and hospital claims. The ASC reimbursement has been classified as a reduction to claims adjustment and general administrative expenses.
- (3) Effective for 2006, the Plan obtained a permitted practice to recognize a liability for premium assistance for direct pay subscribers in addressing healthcare affordability. The liability at December 31, 2013 and 2012 was \$0 and \$2,762,002, respectively. The Plan has committed \$18,175 and \$0 for 2013 and 2012 respectively to premium assistance for Direct Pay subscribers and has recorded a charge for this amount in other expenses in the statutory statement of operations.
Also, effective for 2009, the Plan obtained a permitted practice to depreciate blue-transit software over 15 years instead of the prescribed 5 years. If the software were depreciated over 5 years the net gain would be decreased by \$18,041,702 in 2013 and the net loss would be increased by \$14,746,792 in 2012.

NET INCOME	State	Dec 31, 2013	Dec 31, 2012
(1) The Plan’s state basis (RI)	RI	\$21,748,694	\$(41,536,449)
(2) State prescribed practice that increase/(decrease) NAIC SAP			
(3) State permitted practice that increase/(decrease) NAIC SAP income			
- Depreciation of software	RI	(18,041,702)	(14,746,792)
- Premium Assistance Program	RI	- -	- -
(4) NAIC SAP	RI	\$ 3,706,992	\$(56,283,241)
SURPLUS		Dec 31, 2013	Dec 31, 2012
(5) The Plan’s state basis (RI)	RI	\$287,601,200	\$260,183,455
(6) State prescribed practice that increase/(decrease) NAIC SAP			
(7) State permitted practice that increase/(decrease) NAIC SAP reserves			
- Premium Assistance Program	RI	- -	- -
(8) NAIC SAP	RI	\$287,601,200	\$260,183,455

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the effective interest rate method.
- (3) Common stocks at fair market value except that investments in stocks of uncombined subsidiaries and affiliates in which the Plan has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stock is stated at cost.
- (5) The Plan does not have mortgage loans on real estate.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The prospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative.
- (7) The Plan has a minority interest in Blue International Solutions with a carrying value of \$766,248.
- (8) The Plan has minor ownership interests in partnerships and limited liability companies. The value of these interests are based on the underlying audited GAAP equity of the investee.
- (9) The Plan does not own derivative investments.
- (10) The Plan considers anticipated investment income as a factor in premium deficiency calculation.

NOTES TO FINANCIAL STATEMENTS

- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Plan has not modified its capitalization policy from the prior period.
- (13) The Plan’s pharmacy benefit manager provides estimated pharmacy rebates on a quarterly basis.

2. Accounting Changes and Correction of Errors

There were no Accounting Changes and Correction of Errors in 2013.

3. Business Combinations and Goodwill

There were no Business Combinations and resulting Goodwill in 2013.

4. Discontinued Operations

The Plan did not incur discontinued operations for 2013.

5. Investments

- A. The Plan did not have any outstanding mortgage loans in 2013.
- B. The Plan did not have any debt restructuring in 2013.
- C. The Plan did not have any reverse mortgages in 2013.
- D. Loan-Backed Securities
 - (1) The Plan utilizes the prospective method for loan backed securities. The Plan obtains the prepayment assumptions for mortgage-backed/asset-backed securities from the following hierarchy: Bloomberg median speed; if none, then 6 month historical CPR; if none, then YieldBook prepayment model that runs fixed rate MBS at 100% of the model and Hybrid Arms at 100% of MTB (Model to Balloon). CMBS are run at a 0% constant prepayment rate. If this information is not obtainable from one of these sources then analysts determine the cash flows to be used. The Plan utilizes the fair market value as published by the NAIC Valuation Securities Manual. If the rate is not published by the Securities Valuation Office (SVO), the security is carried at amortized value in accordance with NAIC guidelines.
 - (2) The Plan did not recognize any other-than-temporary impairment (OTTI) for loan-backed securities.
 - (3) The Plan did not recognize any OTTI for loan-backed securities.
 - (4) Loan-backed securities with unrealized losses as of December 31, 2013:

Loan-Backed Securities	
a. The aggregate amount of unrealized losses:	
	1. Less than 12 Months \$187,414
	2. 12 Months or Longer \$0
b. The aggregate related fair value of securities with unrealized losses:	
	1. Less than 12 Months \$5,689,128
	2. 12 Months or Longer \$0

- (5) The evaluation of impairments is a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether declines in the fair value of investments should be recognized in the current period. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition or near term recovery prospects, the effects of changes in interest rates or credit spreads and the recovery period. As of December 31, 2013, the Plan does not consider loan-backed securities in an unrealized loss position to be other-than-temporarily impaired as reported in the table above.

E. Repurchase Agreements

NOTES TO FINANCIAL STATEMENTS

- 1) For repurchase agreements, the Plan ensures that the fair market value of the collateralized security is equal to or exceeds the amount under agreement to repurchase.
- 2) The Plan has investments pledged as collateral. The securities are US Treasury Bonds and Corporate Bonds with a carrying value of \$85,542,222.
- 3) The Plan has not accepted any collateral.
- 4) The Plan does not have any securities lending transactions.
- 5) The Plan does not have any collateral reinvestment.
- 6) The Plan has not accepted any collateral.
- 7) The Plan does not have any securities lending transactions.
- F. The Plan does not hold real estate for investment purposes.
- G. The Plan does not have any low-income housing tax credits.
- H. 1) Restricted Assets

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year admitted Restricted	Percentage	
					Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$82,861,314	\$84,250,460	\$(1,389,146)	\$82,861,314	10.1%	13.8%
b. Collateral held under security lending agreements	2,160,605	825,861	1,334,744	2,160,605	0.3%	0.4%
c. Subject to repurchase agreements	--	--	--	--	--	--
d. Subject to reverse repurchase agreements	--	--	--	--	--	--
e. Subject to dollar repurchase agreements	--	--	--	--	--	--
f. Subject to dollar reverse repurchase agreements	--	--	--	--	--	--
g. Placed under option contracts	--	--	--	--	--	--
h. Letter stock or securities restricted as to sale	--	--	--	--	--	--
i. On deposit with states	502,303	521,100	(18,797)	502,303	0.1%	0.1%
j. On deposit with other regulatory bodies	--	--	--	--	--	--
k. Pledged as collateral not captured in other categories	--	--	--	--	--	--
l. Other restricted assets	--	--	--	--	--	--
Total Restricted Assets	<u>\$85,542,222</u>	<u>\$85,597,421</u>	<u>\$(73,199)</u>	<u>\$85,524,222</u>	<u>10.4%</u>	<u>14.2%</u>

- 2) Pledged Assets not captured in other categories is not applicable to the Plan.
- 3) Other Restricted Assets is not applicable to the Plan.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Plan does not have an investment interest in joint ventures, partnerships and limited liability companies that exceeds 10% of its admitted assets.

7. Investment Income

The Plan has not excluded from assigned funds (surplus) any investment income due and accrued.

8. Derivative Instruments

The Plan does not own any derivative instruments.

9. Income Taxes

SSAP 101 became effective from January 1, 2012 and included revised disclosure requirements. Calendar year 2011 data has been revised to follow the SSAP 101 disclosure requirements to allow for better comparison. In revising the calendar year 2011 information no amounts have been recalculate or changed.

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

(1)	12/31/2013			12/31/2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$164,794	\$ 15	\$164,809	\$169,756	\$ 15	\$169,771	\$ (4,962)	\$ 0	\$ (4,962)

NOTES TO FINANCIAL STATEMENTS

(b) Statutory valuation allow	(159,993)	(15)	(160,007)	(167,771)	(15)	(167,786)	7,778	0	7,778
(c) Adjusted gross deferred tax	\$ 4,802	\$ 0	\$ 4,802	\$ 1,985	\$ 0	\$ 1,985	\$ 2,817	\$ 0	\$ 2,817
(d) Deferred tax nonadmitted	0	0	0	0	0	0	0	0	0
(e) subtotal (net deferred tax asset)	\$ 4,802	\$ 0	\$ 4,802	\$ 1,985	\$ 0	\$ 1,985	\$ 2,817	\$ 0	\$ 2,817
(f) deferred tax liabilities	0	(4,802)	(4,802)	0	(1,985)	(1,985)	0	(2,817)	(2,817)
(g) Gross deferred tax asset/(liabil)	\$ 4,802	\$ (4,802)	\$ 0	\$ 1,985	\$ (1,985)	\$ 0	\$ 2,817	\$ (2,817)	\$ 0

(2) Admission calculation components:

	12/31/2013			12/31/2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Admitted pursuant to 11.a. loss carrybacks)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
(b) Admitted pursuant to 11.b.	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Realization per 11.b.i	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Limitation per 11.b.ii.	\$ N/A	\$ N/A	\$ 0	\$ N/A	\$ N/A	\$ 0	\$ N/A	\$ N/A	\$ 0
(c) SSAP No. 10R, Parag 10.eii.a	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
(d) SSAP No. 10R, Parag 10.eii.b	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(3) Used in 11.b.	2013	2012
(a) Ratio percentage used to determine recovery Period and threshold limitation amount	0.00%	0.00%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$0	\$0

(4) Impact of tax planning strategies (TPS) on adjusted gross DTAs and net admitted DTAs

	12/31/2013			12/31/2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Adjusted gross DTAs - percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(b) Admitted gross DTAs -percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(c) Does the Plan's tax planning strategies include the use of reinsurance? Yes ___ No <u>X</u>									

B. Temporary differences for which a DTL has not been established:
N/A

C. Current income taxes incurred consist of the following major components:

	12/31/2013	12/31/2012	Change
(1) Current Income Tax			
(a) Federal	121,131	42,780	78,351
(b) Foreign	0	0	0
(c) Subtotal	121,131	42,780	78,351
(d) Federal Income Tax on net capital gains	0	0	0
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	0	0	0
(g) Federal and foreign income taxes incurred	\$ 121,131	\$ 42,780	\$ 78,351

(2) Deferred Tax Assets

a. Ordinary	12/31/2013	12/31/2012	Change
(1) Discount of unpaid losses	\$ 3,019,695	\$ 3,058,655	\$ (38,960)
(2) Unearned premium reserve	0	0	0
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Intangibles	8,946,317	9,060,513	(114,196)
(6) Policyholder dividends accrual	0	0	0
(7) Fixed assets	9,728,159	12,332,260	(2,604,101)
(8) Compensation and benefits accrual	6,950,051	10,296,186	(3,346,135)
(9) Pension accrual	2,531,921	1,032,931	1,498,990
(10) Receivables - nonadmitted	843,900	1,228,230	(384,330)
(11) Net operating loss carry-forward	53,492,033	53,184,109	307,924
(12) Tax credit carry-forward	71,061,131	70,940,000	121,131
(13) Other	8,221,263	8,623,182	(401,919)
(99) Subtotal – Gross ordinary DTAs	\$ 164,794,469	\$ 169,756,066	\$ (4,961,597)
b. Statutory valuation allowance Adjustment	\$(159,992,642)	\$(167,771,140)	\$ 7,778,498
c. Nonadmitted	\$ 0	\$ 0	\$ 0
d. Admitted Ordinary Deferred Tax Assets	\$ 4,801,827	\$ 1,984,926	\$ 2,816,901
e. Capital			
(1) Investments	\$ 0	\$ 0	\$ 0
(2) Net capital loss carry-forward	14,823	14,823	0
(3) Real estate	0	0	0
(4) Other	0	0	0
(99) Subtotal - Capital DTAs	\$ 14,823	\$ 14,823	\$ 0
f. Statutory Valuation allowance Adjustment	(14,823)	(14,823)	0
g. Nonadmitted	0	0	0
h. Admitted Capital Deferred Tax Assets	\$ 0	\$ 0	\$ 0

NOTES TO FINANCIAL STATEMENTS

i. Admitted Deferred Tax asset	\$ 4,801,827	\$ 1,984,926	\$ 2,816,901
(3) Deferred Taxes Liabilities			
a. Ordinary	12/31/2013	12/31/2012	Change
(1) Investments	0	0	0
(2) Fixed Assets	0	0	0
(3) Deferred and Uncollected premiums	0	0	0
(4) Policyholder Reserves	0	0	0
(5) Other	0	0	0
(99) Subtotal - Ordinary DTLs	\$ 0	\$ 0	\$ 0
b. Capital			
(1) Investments	(4,801,827)	(1,984,926)	(2,816,901)
(2) Real estate	0	0	0
(3) Other	0	0	0
(99) Subtotal – Capital DTLs	\$(4,801,827)	\$(1,984,926)	\$(2,816,901)
c. Deferred tax liabilities	\$(4,801,827)	\$(1,984,926)	\$(2,816,901)
(4) Net deferred tax assets/liabilities	\$ 0	\$ 0	\$ 0

D. Nature of significant reconciling items for income taxes incurred and change in DTAs and DTLs

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income taxes including realized capital gains/losses. The significant items causing this difference are as follows:

	Amount	Tax Effect	Effective Tax Rate
Income before Taxes (including all realized capital gains/losses)	\$ 21,869,823	\$ 7,654,438	35.00%
Revision to Estimate - Partnership	(2,750,552)	(962,693)	-4.40%
Provision to Return true-up	(134,819)	(47,187)	-0.22%
Change in unrealized capital gains/(losses)	13,119,993	4,591,998	21.00%
Special 3 month reserve deduction	(5,853,091)	(2,048,582)	-9.37%
Meals & Entertainment, Lobbying Exp, Etc	1,508,036	527,813	2.41%
Statutory Valuation Allowance Adjustment	(22,224,281)	(7,778,498)	-35.57%
Change in non-admitted assets	(8,470,616)	(2,964,716)	-13.56%
Other	3,281,599	1,148,559	5.25%
Total	\$ 346,091	\$ 121,131	0.55%
Federal Income Taxes Incurred		\$ 121,131	0.55%
Change in net deferred income taxes		0	0.00%
Total statutory income taxes		\$ 121,131	0.55%

- E. Carryfowards, recoverable taxes, and IRC 6603 deposits
- Plan has regular net operating loss carryfowards of \$152,834,379 expiring through calendar years 2030 to 2032.
- Plan has alternative minimum tax loss carryforwards of \$121,940,037 expiring through calendar years 2030 to 2032.
- Plan had capital loss carryfowards of \$42,351 expiring through calendar year 2015.
- Plan has an AMT credit carryfowards of \$71,061,131 which does not expire.
- Income taxes, ordinary capital, available for recoupment in the event of future losses include:
- The Plan has no income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses.
- Deposits admitted under IRC 6603
- N/A
- F. Income Tax loss contingencies
- The Plan has not recorded any contingencies related to taxes.
- G. The Plan’s federal income tax return is consolidated with the following entities:
- The Plan does not join in the filing of a consolidated federal income tax return.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Board of Director's in 2012 authorized the dissolution of HWI as a separate legal entity. Subsequently, on January 8, 2013, the Plan issued a written request to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) to approve the dissolution. The OHIC approved the dissolution on January 28, 2013. The remaining HWI assets and liabilities were assumed by the Plan in 2013.
- B. See “A” above
- C. See “A” above
- D. At December 31, 2013 there were no outstanding balance between the Plan and HWI.

NOTES TO FINANCIAL STATEMENTS

- E. Non-Applicable
- F. Non-Applicable
- G. Non-Applicable
- H. Non-Applicable
- I. Non-Applicable
- J. Non-Applicable
- K. Non-Applicable
- L. Non-Applicable

11. Debt

A.

Mortgage on Building

- (1) Date issued is January 14, 2008.
- (2) Bank loan for corporate office building.
- (3) The maximum loan amount is \$90,000,000.
- (4) Carrying value of loan is \$79,394,437.
- (5) The rate at which interest accrues is 30-day LIBOR plus an agreed upon spread (basis points).
- (6) The effective interest rate is equivalent to the 30-day LIBOR plus an agreed upon spread (basis points).
- (7) Office building structure.
- (8) Interest paid year to date is \$4,507,300.
- (9) Loan converted to fixed rate mortgage instrument in February 2010.
- (10) Non-Applicable
- (11) Non-Applicable
- (12) Non-Applicable

Line of Credit

- (1) Date issued is January 2011.
- (2) Revolving line of credit.
- (3) The maximum available amount is \$50,000,000.
- (4) Carrying value of line of credit is \$35,000,000 plus accrued interest of \$22,954.
- (5) The rate at which interest accrues is 30-day LIBOR Advantage rate plus 150 basis points. In addition, interest accrues on the commitment amount less funds drawdown at twenty basis points.
- (6) The effective interest rate is equivalent to the 30-day LIBOR Advantage rate plus 150 basis points.
- (7) Marketable securities.
- (8) Interest paid year to date is \$284,615.
- (9) The repayment of accrued interest is payable monthly and the entire unpaid principal balance is due and payable along with unpaid interest upon maturity. The line of credit maturity date is less than one year.
- (10) Non-Applicable
- (11) Non-Applicable
- (12) Non-Applicable

B. The Plan does not have any Federal Home Loan Bank agreements.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Defined Benefit Plan

The Plan has a qualified defined benefit pension plan covering substantially most employees. Pension plan benefits are based on years of service and the employee's compensation during the highest three consecutive years of service.

Effective January 1, 2014 the qualified benefit plan was frozen for all active employees. Impacted associates will continue to have a pension benefit but will not accrue additional benefits for pay and service after December 31, 2013.

Also, commencing in 2014, the employee savings plan will be increased from a 50 percent match to a dollar for dollar match on associate contributions up to 6 percent of eligible compensation.

NOTES TO FINANCIAL STATEMENTS

Additionally, transition contributions for three years through 2016, the Company will contribute an additional 3 percent of eligible compensation in 2014, 2 percent in 2015 and 1 percent in 2016. If an eligible associate is at least 55 years of age and combined with years of service is equal to or greater than 80, a 3 percent transition contribution for years 2014 to 2016 is in effect.

The Plan's funding policy is to contribute amounts at least necessary to satisfy the requirements of the Pension Protection Act of 2006 (PPA). Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. However, effective January 1, 2011 the Plan was closed to new hires from participation. Assets of the pension plan consist of insurance company group annuity contracts, which invest in a diversified portfolio of fixed income and equity securities.

During 2012 the Plan recognized a one-time bulk lump sum settlement charge of approximately \$9,186,000 to terminated vested participants. The total bulk lump settlement of approximately \$28,829,000 paid to the terminated vested participants also included regular lump sums paid approximating \$3,763,000 through the measurement date.

Supplemental Executive Retirement Plans (SERP)

The Supplemental Executive Retirement Plans ("SERP") are non-qualified defined benefit pension plans for certain executives as designated by the Board of Directors. Certain beneficiaries received distributions from the SERP of \$1,923,000 and \$1,697,000 for the calendar years ended December 31, 2013 and 2012, respectively.

Effective January 1, 2014 the SERP was frozen for active executives as designated by the Board of Directors. The designated executives will no longer accrue additional benefits based on pay and service subsequent to December 31, 2013.

Postretirement Benefit Plans

Eligible employees hired prior to January 1, 1992, who retire on or after attaining normal retirement age and who have rendered specific years of service under the provisions of the Blue Cross & Blue Shield of Rhode Island Retirement Plan are entitled to certain postretirement health care, medical coverage and life insurance benefits. The Plan may amend or change the postretirement benefits periodically. Effective January 1, 1993, except for those employees who have an exemption based on circumstances previously existing, these benefits are now subject to copayment provisions and other limitations. Effective April 1, 2013, a plan amendment for retiree insurance benefits was adopted whereby eligible active and former employees that had not attained retirement age of 55 or older and had not been collecting these benefits would not be entitled to these benefits upon retirement. The discontinued retiree benefits were life insurance and a group health insurance subsidy. The Plan's postretirement benefits other than pensions are not funded. Approximately \$1,625,000 and \$1,226,000 of postretirement benefits were paid in 2013 and 2012,, respectively.

The following tables set forth the funding status and amounts recognized in the Plan's Statutory Statements of Admitted Assets, Liabilities and Reserves at December 31, 2013 and 2012 for the Defined Benefit Plan, for the SERP and the Postretirement Benefit Plan:

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	2013	2012	2013	2012	2013	2012
Change in Projected Benefit Obligation:						
Projected benefit obligation at beginning of year	\$252,951	\$242,920	\$6,892	\$9,017	\$22,242	\$21,317
Service cost	7,697	8,153	248	48	61	609
Interest cost	9,962	11,910	310	322	759	855
Actuarial loss/(gain) due to assumptions	(37,738)	29,584	(121)	164	(324)	(1,183)
Amendments	(16,936)	--	--	--	(6,773)	--
Curtailment and termination benefits	--	--	(834)	--	--	--
Effect of transition to SSAP 102	2,492	--	1,327	--	3,958	--
Settlements	--	(32,592)	(27)	(962)	(612)	1,870
Benefit and administrative expenses paid	(14,305)	(7,024)	(1,923)	(1,697)	(1,625)	(1,226)
Projected benefit obligation at end of year	<u>\$204,123</u>	<u>\$252,951</u>	<u>\$5,872</u>	<u>\$6,892</u>	<u>\$17,686</u>	<u>\$22,242</u>

NOTES TO FINANCIAL STATEMENTS

Accumulated benefit obligation	<u>\$203,727</u>	<u>\$232,995</u>	<u>\$5,847</u>	<u>\$6,411</u>		
	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Change in Plan Assets:						
Fair value of assets at beginning of year	\$237,586	\$216,346	\$ --	\$ --	\$ --	\$ --
Actual return on plan assets	30,514	49,918	--	--	--	--
Settlements	--	(32,592)	--	--	--	--
Employer contributions	--	10,938	1,923	1,697	1,625	1,226
Benefit and administrative expenses paid	<u>(14,305)</u>	<u>(7,024)</u>	<u>(1,923)</u>	<u>(1,697)</u>	<u>(1,625)</u>	<u>(1,226)</u>
Fair value of assets at end of year	<u>\$253,795</u>	<u>\$237,586</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Funded Status:						
Projected benefit obligation	\$(204,123)	\$(252,951)	\$(5,872)	\$(6,892)		
Plan assets at fair value	<u>253,795</u>	<u>237,586</u>	<u>--</u>	<u>--</u>		
Plan assets in excess (shortfall) of projected benefit obligation	49,672	(15,365)	(5,872)	(6,892)	(17,686)	(22,242)
Unrecognized net actuarial loss/(gain)	333	71,295	519	1,649	5,563	6,899
Unrecognized prior service cost	679	2,155	146	24	--	--
Contributions after measurement date	--	--	11	10	(3,035)	(13,046)
Unrecognized net obligation at January 1, 2013 and 2012 being recognized over approximately 9 years	<u>10</u>	<u>306</u>	<u>47</u>	<u>1,501</u>	<u>373</u>	<u>328</u>
Prepaid (accrued) benefit cost	<u>\$ 50,694</u>	<u>\$ 58,391</u>	<u>\$(5,149)</u>	<u>\$(3,708)</u>	<u>\$(14,785)</u>	<u>\$(28,061)</u>

Net periodic pension cost for 2013 and 2012 included the following components:

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Service cost	\$ 7,697	\$ 8,153	\$ 248	\$ 48	\$ 61	\$ 609
Interest cost	9,962	11,910	310	322	759	855
Expected return on plan assets	(17,485)	(17,196)	--	--	--	--
Curtailment	--	--	1,886	--	(12,624)	--
Settlement	--	--	122	--	--	--
Net amortization and deferral	<u>6,011</u>	<u>4,434</u>	<u>825</u>	<u>286</u>	<u>199</u>	<u>(688)</u>
Net periodic pension cost	<u>\$ 6,185</u>	<u>\$ 7,301</u>	<u>\$ 3,391</u>	<u>\$ 656</u>	<u>\$(11,605)</u>	<u>\$ 776</u>

Actuarial assumptions used in the accounting at the measurement date were:

	Defined Benefit Plan		SERP		Postretirement	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Weighted-average assumptions						
Discount Rate	5.00%	4.00%	4.75%	4.00%	4.25%	3.50%
Rate of compensation increase	3.00%	3.00%	3.00%	3.00%	-	-
Expected return on plan assets	7.25%	7.50%	-	-	-	-

The Plan uses a September 30 measurement date.

The assumed annual rate of increase in the per capita cost of medical benefits is 10% in 2014 and is assumed to decrease through years 2020 and remain level at 5% thereafter

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ 81,500	\$ 70,200
b. Effect on postretirement benefit obligation	\$1,400,800	\$1,223,400

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Postretirement

NOTES TO FINANCIAL STATEMENTS

Year	Pension Benefits	Benefits*
2014	\$12,344,000	\$1,658,000
2015	11,326,000	1,665,000
2016	11,757,000	1,715,000
2017	11,310,000	1,739,000
2018	12,273,000	1,783,000
2019 - 2023	65,716,000	8,550,000

*excludes receivables for Medicare Part D subsidy

The Plan expects to contribute \$0 to its regular pension plan, \$1,940,000 to its SERP and \$1,616,000 to its postretirement benefits in 2014.

Plan assets are to be managed to provide the greatest probability that the following long-term objectives for the qualified pension plan are met in a prudent manner.

- Ensure that there is adequate level of assets to support benefit obligations to participants and retirees over the life of the Plan, taking into consideration the nature and duration of Plan liabilities.
- Maintain liquidity in Plan assets sufficient to cover ongoing benefit payments.
- Manage volatility of investments results in order to achieve long-term Plan objectives and to minimize level and volatility of pension expenses.

It is recognized that the attainment of these objectives is, for any given time period, largely dictated by the returns available from the capital markets in which Plan assets are invested.

The asset allocation of Plan assets reflects the Plan’s long-term return expectations and risk tolerance in meeting the financial objectives of the Plan. Plan assets should be adequately diversified by asset class, sector and industry to reduce the downside risk to total Plan results over short-term time periods, while providing opportunities for long-term appreciation.

The selection of an expected long-term rate of return for the plan assets represents a rate at which plan liabilities will be settled. This includes an approach that is applied consistently in accordance with standards of practice that is based on the distribution of plan assets. There are inherent risks in establishing assumptions in the development of an expected long term rate of return and based on historical performance the methodology adopted has been representative of actual results

The following table provides information as of December 31, 2013 and 2012 about the Plan’s pension plan financial assets by asset category.

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity Mutual Funds	\$ --	\$ 152,366,748	--	\$ 152,366,748
Fixed Income Mutual Funds	--	70,856,117	--	70,856,117
Alternatives	--	--	35,527,438	35,527,438
General Investment Account	--	--	744,307	744,307
Total Assets	<u>\$ --</u>	<u>\$ 223,222,865</u>	<u>\$ 36,271,745</u>	<u>\$ 259,494,610</u>

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity Mutual Funds	\$ --	\$ 152,141,536	--	\$ 152,141,536
Fixed Income Mutual Funds	--	85,439,003	--	85,439,003
General Investment Account	--	--	655,870	655,870
Total Assets	<u>\$ --</u>	<u>\$ 237,580,539</u>	<u>\$ 655,870</u>	<u>\$ 238,236,409</u>

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability;

NOTES TO FINANCIAL STATEMENTS

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

<u>Asset Category</u>	<u>Plan Assets</u>	
	<u>2013</u>	<u>2012</u>
Equity Securities	58.70%	61.90%
Debt Securities	31.70%	25.40%
Other	<u>9.60%</u>	<u>12.70%</u>
Total	100.00%	100.00%

The investment policy includes a periodic review of the pension plan’s investment in the various asset classes. The current asset allocation target is 50% equities, 40% fixed income and 10% other.

Employee Savings Plan

Participant contributions to the Plan are derived from voluntary salary reduction agreements with the employer. The participant may, subject to the Internal Revenue Service (IRS) compensation deferral limits, contribute from 1% to 60% of his or her plan compensation, as defined, as a pre-tax basic contribution. The participant may then contribute a supplemental pre-tax contribution which, when combined with the participant’s basic contribution, shall not exceed 60% of the participant’s plan compensation, as defined. In addition, after-tax contributions up to 8% of the participant’s plan compensation, as defined, may be made as long as total contributions do not exceed IRS guidelines. The employer contributes an amount equal to 50% of the participant’s basic salary deferral contribution subject to a maximum of 6% of compensation.

Upon enrollment in the Plan, a participant may direct participant and employer contributions in 1% increments with a minimum contribution of 1% in any of the investment options. Participants may change their contribution percentage and investment selections in accordance with stated Plan requirements. Effective January 1, 2011, new associate hires will have an enhanced matching contribution plan. Participants that contribute on a pre-tax basis up to 6% an equal amount will be matched by the Plan. Total employer contributions to the 401(k) savings plan in 2013 and 2012 were approximately \$1,848,000 and \$1,288,000, respectively.

Postemployment Benefits

The Plan provides for certain postemployment benefits including disability benefits for eligible employees. The Plan has not recorded a liability for these benefits at December 31, 2013 and 2012, respectively.

Impact of Medicare Modernization Act on Postretirement Benefits is no longer applicable as of 2010.

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

- 1) The Plan does not have any capital stock.
- 2) The Plan does not have any preferred stock.
- 3) The Plan does not have any dividend restrictions.
- 4) The Plan does not have any ordinary dividends.
- 5) The Plan does not have any dividends.
- 6) The Plan does not have any restrictions on unassigned funds.
- 7) The Plan does not have any advances to surplus unpaid.
- 8) The Plan does not have any conversion of preferred stock, employee stock options and stock purchase warrants.
- 9) The Plan did not have any changes to the balances of any special surplus funds from the prior period.
- 10) The portion of unassigned funds (surplus) represented was reduced by each of the following item:
 - a) Nonadmitted assets - \$218,548,456
- 11) The Plan does not have any surplus notes.
- 12) The Plan did not have any quasi-reorganization in 2013.

NOTES TO FINANCIAL STATEMENTS

13) The Plan did not have any quasi-reorganization in 2013.

14. Contingencies

- A) Contingent Commitments
- The Plan is a defendant in a number of legal proceedings arising in the normal course of business. Additionally, the Plan is a co-defendant in a multi district litigation in federal court relating to allegations that the Plan has acted in conspiracy with other Blue Cross & Blue Shield plans in violation of antitrust laws. The Plan is also a defendant in a lawsuit from an out of state hospital system alleging antitrust violations during that system's attempt to purchase a hospital in Rhode Island. While the Plan's ultimate liability in the disposition of these matters is presently difficult to estimate, it is management's belief that the outcome is not likely to have a material adverse effect on the Plan's financial position or results of operations, statutory reserves and risk based capital. It is possible that a court decision or settlement in favor of the plaintiffs in the above suit where the Plan is a co-defendant could have an unanticipated material adverse effect on the Plan's financial position, results of operations, statutory reserves and risk based capital.
- B) The Plan does not have any assessments.
- C) The Plan does not have any gain contingencies.
- D) The Plan did not have any claims related extra contractual obligation and bad faith losses stemming from lawsuits.
- E) All other contingencies see "A" above.

15. Leases

- A) 1) The Plan leases office space and ground lease under operating leases. Rent expense for operating leases in 2013 and 2012 was approximately \$973,277 and \$181,783, respectively.
- 2) The Plan is committed, under long-term noncancelable operating leases and installment purchase agreements to minimum payments as follows:

	<u>Leases</u>
	<u>Operating</u>
2014	\$ 969,488
2015	963,855
2016	975,423
2017	986,991
2018	816,715
Less Interest	- -
Total minimum future payments	<u><u>\$ 4,712,472</u></u>

Certain rental commitments e.g. ground lease is a 97 year agreement through the year 2108 with two successive 75 year renewal options. Some of these renewals are subject to adjustments in future periods.

In June of 2003, the Plan entered into a long-term agreement with PSHS whereby, PSHS agreed to provide claims processing, information technology and membership administrative services. As stipulated in the contract, the services shall be provided at Plan facilities, however, certain functions may be provided outside of Rhode Island as well as offshore under the direction of PSHS staff. Services include operational services for technology and claims operations and business project services.

The agreement which is in effect through May 31, 2016, unless terminated earlier or extended in accordance with contract terms. The agreement calls for decreasing annual minimum commitments of \$39.0 million for calendar year 2013, and is subject to adjustments for changes in service levels, cost management by the Plan and performance incentives for PSHS. The aggregate value of the contract is approximately \$654.0 million.

The contract provides for termination of the agreement between the parties based on events that may occur during the course of the contract. There are critical service levels that PSHS must meet on an ongoing basis. The Plan is obligated to reimburse PSHS for services performed in accordance with the contract. If the Plan terminates the agreement for convenience, the financial penalties are based on a

NOTES TO FINANCIAL STATEMENTS

sliding scale relating to the applicable month in which such termination was effective, ranging from approximately \$6.8 million as of December 31, 2013 to \$0 as of May 31, 2016.

3) The Plan is not involved in material sales – leaseback transactions.

B)(1) Lessor Leases

- a) The Plan entered into a lease agreement for the use of its Corporate Office building penthouse floor. The rental square footage leased is 10,356 square feet. The lease is 78 month duration commencing July 1, 2011 and terminating December 31, 2017. The arrangement is a triple net lease. A tenant allowance was provided to the lessee amounting to \$590,000. In addition, the lease calls for providing 15 parking spots at \$180.00 per month per space. Finally, the lessee is responsible for electricity usage for the specific rented space.
- b) non-applicable
- c) Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 2013 are as follows:

Years Ended December 31	Operating Leases
2014	\$ 317,152
2015	322,331
2016	327,509
2017	331,392
2018	--
Total	<u>\$ 1,298,384</u>

- d) The Plan does not have contingent rentals.
- (2) The Plan does not have leveraged leases

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

- 1) The Plan does not have any swaps or option instruments.
- 2) The Plan does not have any interest rate swaps to reduce market risk.
- 3) The Plan does not have any credit related losses.
- 4) Eight U.S. Treasury Notes with a combined par value of \$34,100,000 are pledged to satisfy Blue Cross Blue Shield Association membership standards for out-of-area provider claim settlements.

The Plan also has a \$500,000 par value U.S. Treasury Note that is on deposit with the Department of Labor as collateral for the Plan’s run-out of the self-insured worker’s compensation fund.

The Plan also has twenty-seven Corporate/U.S. Treasury Bonds with a combined value of \$45,257,782 that is pledged with Citizens Bank as collateral for the line of credit.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

The Plan did not have a sale, transfer and servicing of financial assets and extinguishments of liabilities.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A) The Plan is not an ASO Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.
- B) The Plan is an ASC Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.
The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2013:

Uninsured

NOTES TO FINANCIAL STATEMENTS

	<u>ASC</u> <u>Uninsured</u> <u>Plans</u>	<u>Portion of</u> <u>Partially</u> <u>Insured Plans</u>	<u>Total</u> <u>ASC</u>
a. Gross reimbursement for medical cost incurred	\$818,681,324	- -	\$818,681,324
b. Gross administrative fees accrued	<u>42,024,152</u>	- -	<u>42,024,152</u>
c. Total revenue	860,705,476	- -	860,705,476
d. Claims incurred	818,681,324	- -	818,681,324
e. Variable cost	<u>19,403,210</u>	- -	<u>19,403,210</u>
f. Contribution to fixed overhead	22,620,942	- -	22,620,942
g. Total fixed overhead	<u>43,799,427</u>	- -	<u>43,799,427</u>
h. Total net gain or (loss) from operations	<u>(21,178,485)</u>	- -	<u>(21,178,485)</u>

C) The Plan did not have a Medicare or similarly structured cost based reimbursement contract during 2013.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Plan does not have direct premium written/produced by managing general agents/third party administrators.

20. Fair Value Measurements

Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Plan estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

The Plan's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

NOTES TO FINANCIAL STATEMENTS

- Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Plan’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information as of December 31, 2013 about the Plan’s financial assets and liabilities measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total
Assets				
Bonds	\$ - -	\$152,746,647	\$ - -	\$152,746,647
Equity securities	<u>\$ 54,019,817</u>	<u>\$ 20,287,311</u>	<u>\$ 2,998,544</u>	<u>\$ 77,305,672</u>
Total Assets	<u>\$ 54,019,817</u>	<u>\$173,033,958</u>	<u>\$ 2,998,544</u>	<u>\$230,052,319</u>

The fair value of the Plan’s equity securities categorized as Level 1 is based on quoted market prices for identical securities traded in active markets that are readily and regularly available to the Plan.

The fair value of the Plan’s equity securities classified as Level 3 consist of private placement stocks for three companies for which there are limited or no observable valuation inputs. The fair value of these Level 3 equities is based upon analytics derived by the respective companies for which a fair value per share is published in the Securities Valuation Office manual.

The following table presents the changes in our equity securities classified as Level 3 for the year-ended December 31, 2013.

	Beginning Balance 1/1/2013	Total gains and (losses) included in Net Income	Total gains and losses included in Surplus	Purchases	Ending Balance at 12/31/2013
Assets					
Private Equity	<u>\$2,798,910</u>	<u>(188,641)</u>	<u>55,936</u>	<u>332,339</u>	<u>\$2,998,544</u>
Total Assets	<u>\$2,798,910</u>	<u>(188,641)</u>	<u>55,936</u>	<u>332,339</u>	<u>\$2,998,544</u>

There were unrealized gains of \$55,936 attributable to the change in net unrealized gains relating to assets still held.

21. Other Items

- A) The Plan does not have any extraordinary items.
- B) The Plan does not have any troubled debt restructuring.
- C) The Plan participates in the Federal Employee Health Benefits Program (FEHBP) with other Blue Cross Blue Shield Plans. This program includes a fully-insured experience-rated contract, commonly known as the Federal Employee Program (FEP), between the Office of Personnel Management (OPM) and BCBSA, which acts as an agent for the participating Blue Cross Blue Shield plans. In addition each participating plan, including the Plan, executes a contract with BCBSA which obligates each participating plan to underwrite FEP benefits in its service area. Premium rates are developed by BCBSA and negotiated with OPM annually. These rates determine the funds that will be available to the participating Blue Cross Blue Shield to provide insurance to Federal employees that enroll with the Blue Cross Blue Shield FEP. The excess of gross premiums for the life of the program over the charges for the life of the program on an accrual basis is accounted for as a rate stabilization reserve (commonly referred to as the special reserve), as required by the contract between OPM and BCBSA. Each year, OPM also allocates a portion of the premiums to a contingency reserve which may be utilized by the participating plans in the event that annual premiums paid to the insurance carrier are insufficient or the rate stabilization reserve falls below certain levels prescribed by OPM. Premiums paid to the carrier and available to each participating Blue Cross Blue Shield plan, including the special reserve and contingency reserve, are held at the U.S. Treasury, including amounts unused from prior

NOTES TO FINANCIAL STATEMENTS

periods. Any premiums that remain in the rate stabilization reserve upon termination of the BCBSA contract after the claims run-out and reimbursement of the allowable administrative expenses would be returned to OPM for the benefit of the FEHBP. The FEP contract renews automatically each year unless written notice of termination is given by either party.

In accordance with the FEP contract, premium funds that exceed daily operating needs are held on behalf of the Plan in letter of credit accounts at the U.S. Treasury to provide funding for claims, administrative expenses, and other charges to the contract. The Plan, along with other Blue Cross Blue Shield plans who participate in the FEHBP contract, has an unrestricted right to draw funds held in the U.S. Treasury.

The Plan has recorded its allocable share of a special reserve fund held in the U.S. Treasury as an asset, with an equivalent amount recorded as a rate stabilization reserve. This amount is \$23,251,448 as of December 31, 2013, and is included in other current assets and other current liabilities in the accompanying consolidated balance sheets.

FEP represented approximately 43.2% of accounts receivable as of December 31, 2012. FEP represented approximately 6.4% of net revenue for the year ended December 31, 2012.

Also Center for Medicare & Medicaid Services (CMS) announced a final risk adjustment data valuation (RADV) audit and payment adjustment methodology that it will conduct a RADV audit for the Plan. These audits involve a review of the medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented.

- D) The Plan did not have any business interruption insurance recoveries in 2013.
- E) 1) The Plan did not have a state transferable tax credit in 2013.
2) The Plan did not have a state transferable tax credit in 2013.
3) The Plan did not any impairment losses for state transferable tax credits in 2013.
4) The Plan did not have a state transferable tax credit in 2013.
- F) Subprime Mortgage Related Risk Exposure
 - (1) The following is the Plan’s narrative description of a subprime investment. A mortgage loan which has one or more of the following attributes: weak credit score (Fair Isaac Corporation), high debt-to-income-ratio, high loan-to-value ratio or undocumented income.
 - (2) Non-applicable
 - (3) Non-applicable
 - (4) Non-applicable
- G) Retained Assets is not applicable.
- H) Offsetting and netting of Assets and Liabilities is not applicable.

22. Events Subsequent

Nonrecognized Subsequent Event:

January 1, 2014, the Plan will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Plan has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$21,400,000. This assessment is expected to impact risk based capital by less than (1.0%).

- A. ACA fee assessment payable \$21,400,000
- B. Assessment expected to impact RBC (1.0%)

23. Reinsurance

NOTES TO FINANCIAL STATEMENTS

A. Ceded Insurance Report

Section 1 – General Interrogatories

- (1) The Plan does not own or control any of the reinsurers listed on Schedule S.
- (2) There are no policies issued by the Plan that are reinsured with a company chartered in a country other than the United States that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2 – Ceded Reinsurance Report – Part A

- (1) The Plan does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- (2) The Plan does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3 – Ceded Reinsurance Report – Part B

- (1) The estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, is not applicable to the Plan since it does not cede its reinsurance.
- (2) The Plan has not executed or amended any existing agreements, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B) The Plan did not experience a write-off for uncollectible reinsurance.

C) The Plan did not experience a commutation of ceded reinsurance.

D) Certified Reinsurer Rating downgraded is not applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A) The Plan estimates accrued retrospective premium adjustments for its group health insurance business based on the Plan's underwriting policies, experience rating practices and claims reserve calculation.
- B) The Plan records accrued retrospective premium as an adjustment to earned premium.
- C) The amount of net premiums written by the Plan at December 31, 2013 that are subject to retrospective rating features was \$43,443,000, that represented 2.82% of the total net premiums written. No other net premiums written by the Plan are subject to retrospective rating features.
- D) The Plan has not recognized a liability for medical loss ratio rebate per the Public Health Services Act (PHSA). The Plan's Individual, Small Group Employer, Large Group Employer and Other Categories with rebates market segments were above the PHSA regulatory thresholds for the current year-to-date reporting period. As a result, there is no amount reflected on Page 3 Line 4 Aggregate health policy reserves for the medical loss ratio rebate.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2012 were \$163,889,000. As of December 31, 2013, \$133,987,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$2,348,000 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive and Medicare lines of insurance. Therefore, there has been a \$7,097,000 favorable prior-year development since December 31, 2012 to December 31, 2013. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. The Plan did not experience prior year claim development on retrospectively rated policies.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Arrangements

The Plan is not part of any intercompany pooling arrangement.

27. Structured Settlements

Not Applicable for Health Insurance entities.

28. Health Care Receivables

A) Pharmaceutical Rebate Receivables

Quarter	<u>Estimated Pharmacy Rebates as Reported on Financial Statements</u>	<u>Pharmacy Rebates as Invoiced/ Confirmed</u>	<u>Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation</u>	<u>Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation</u>	<u>Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation</u>
12/31/13	\$4,398,000	\$ --	\$ --	\$ --	\$ --
09/30/13	4,465,000	4,398,000	3,564,000	--	--
06/30/13	4,501,000	4,509,000	3,631,000	878,000	--
03/31/13	6,390,000	4,610,000	--	4,549,000	83,000
12/31/12	\$6,390,000	\$6,308,000	\$ --	\$4,823,000	\$1,203,000
09/30/12	5,711,000	6,167,000	--	4,613,000	1,150,000
06/30/12	5,970,000	5,752,000	--	4,675,000	826,000
03/31/12	6,150,000	6,016,000	--	4,779,000	1,174,000
12/31/11	\$6,000,000	\$6,313,000	\$ --	\$5,564,000	\$ 566,000
09/30/11	5,889,000	6,255,000	--	5,351,000	692,000
06/30/11	5,322,000	6,135,000	--	5,407,000	592,000
03/31/11	5,262,000	5,756,000	--	5,378,000	229,000

B) Risk Share Receivables

Calendar Year	<u>Evaluation Per Year- End</u>	<u>Risk Sharing Receivable as Estimated in the Prior Year</u>	<u>Risk Sharing Receivable as Estimated in the Current Year</u>	<u>Risk Sharing Receivable Billed</u>	<u>Risk Sharing Receivable Not Yet Billed</u>	<u>Actual Risk Sharing Amounts Received in Year Billed</u>	<u>Actual Risk Sharing Amounts Received First Year</u>	<u>Actual Risk Sharing Amounts Received Second Year</u>	<u>Actual Risk Sharing Amounts Received All Others</u>
2013	2013	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
	2014	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2012	2012	N/A	\$2,758,213	\$2,758,213	\$ -	\$2,600,000	\$ -	N/A	N/A
	2013	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2011	2011	N/A	\$2,758,213	\$2,758,213	\$ -	\$2,600,000	\$ -	N/A	N/A
	2012	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A

29. Participating Policies

Participating policies do not apply to the Plan.

30. Premium Deficiency Reserves

The Plan did not record a statutory premium deficiency reserve (PDR) for the period ended December 31, 2013 and December 31, 2012.

1. Liability carried for premium deficiency reserves

\$0
2. Date of the most recent evaluation of this liability

12/31/2013
3. Was anticipated investment income utilized in the calculation

Yes ☒ No ☐

31. Anticipated Salvage and Subrogation

The amount of undiscounted estimated salvage and subrogation recoverable, taken into account in determining the undiscounted unpaid losses as reported in the Underwriting and Investment Exhibit

NOTES TO FINANCIAL STATEMENTS

and Page 3 – Liabilities, Reserves and Special Funds, Line I for December 31, 2013 and 2012, was \$10,508,000 and \$11,412,000, respectively.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☐ No ☒

If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☐ No ☐ N/A ☒

1.3

State Regulating?

RHODE ISLAND

2.1

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

2.2 If yes, date of change:

3.1

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2013

3.2

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

3.3

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/17/2011

3.4

3.4 By what department or departments?
RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION - INSURANCE DIVISION
.....
.....
.....
.....

3.5

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes ☒ No ☐ N/A ☐

3.6

3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐

4.1

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

4.11 sales of new business?

Yes ☐ No ☒

4.12

4.12 renewals?

Yes ☐ No ☒

4.2

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

4.21 sales of new business?

Yes ☐ No ☒

4.22

4.22 renewals?

Yes ☐ No ☒

5.1

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....
.....

6.1

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

.....

.....

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. _____ %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

.....

.....

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
.....
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP, 185 ASYLUM STREET, SUITE 2400 HARTFORD, CT 06103
.....
.....
.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:

.....

.....

.....

.....

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

.....

.....

.....

.....

GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
JEFFREY MCLANE, 500 EXCHANGE STREET, PROVIDENCE, RI 02903. ACTUARY IS EMPLOYED BY BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$

12.2 If yes, provide explanation:

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [X] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules, and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

Yes [X] No []

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

GENERAL INTERROGATORIES

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

.....

.....

.....

.....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....
.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers

20.12 To stockholders not officers

20.13 Trustees, supreme or grand (Fraternal only)

\$

\$

\$

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers

20.22 To stockholders not officers

20.23 Trustees, supreme or grand (Fraternal only)

\$

\$

\$

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

\$

\$

\$

\$

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

\$

\$

\$

GENERAL INTERROGATORIES

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes [] No [X]

24.02 If no, give full and complete information, relating thereto:
THE SECURITIES ARE HELD BY THE REPORTING ENTITY'S CUSTODIAN BANK, STATE STREET BANK.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided):

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [] No [] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

\$

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes [] No [] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [] No [] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes [] No [] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$

24.103 Total payable for securities lending reported on the liability page

\$

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	\$	2,160,605
25.22	Subject to reverse repurchase agreements	\$	
25.23	Subject to dollar repurchase agreements	\$	
25.24	Subject to reverse dollar repurchase agreements	\$	
25.25	Pledged as collateral	\$	83,363,617
25.26	Placed under option agreements	\$	
25.27	Letter stock or securities restricted as to sale	\$	
25.28	On deposit with state or other regulatory body	\$	
25.29	Other	\$	

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

GENERAL INTERROGATORIES

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ☐ No ☒

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐ N/A ☒
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes ☐ No ☒

27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
STATE STREET BANK & TRUST	200 CLARENDON STREET, BOSTON, MA 02111

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes ☐ No ☒

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
107423	CONNING ASSET MANAGEMENT	ONE FINANCIAL PLAZA, HARTFORD, CT 06103
115093	CAMBIAR INVESTORS	2401 EAST SECOND AVE., SUITE 500
115093	CAMBIAR INVESTORS	DENVER, CO 80206
145923	GLOBAL CURRENTS INVESTMENTS	2 RIGHTER PARKWAY, SUITE 100
145923	GLOBAL CURRENTS INVESTMENTS	DELAWARE CORPORATE CENTER
145923	GLOBAL CURRENTS INVESTMENTS	WILMINGTON, DE 19803

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes ☒ No ☐

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
024071-84-7	AMERICAN BALANCED FUND-R4	224,650
233203-82-7	DIMENSIONAL LARGE CAP VALUE S	16,883,931
72701U-40-1	PLAN ULTRASHORT DURATION BON	699,922
29.2999 TOTAL		33,660,031

GENERAL INTERROGATORIES

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
72701U-30-2	PLAN ULTRASHORT DURATION GOV'	599,921
808509-37-6	SCHWAB FUND INTER L/C INDEX FU	2,233,912
808509-41-8	SCHWAB FUND US S/M CO	5,032,101
595636-9F-0	SSGA S&P 500 INDX NL FUND CTF	7,721,085
74149P-30-9	T ROWE PRICE RETIREMENT 2030 F	28,891
922031-84-4	VANGUARD SHORT-TERM FED ADM	235,618
29.2999 TOTAL		33,660,031

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
AMERICAN BALANCED FUND	AMAZON.COM INC	7,413	12/31/2013
AMERICAN BALANCED FUND	HOME DEPOT, INC.	6,919	12/31/2013
AMERICAN BALANCED FUND	MICROSOFT CORPORATION	6,447	12/31/2013
AMERICAN BALANCED FUND	WELLS FARGO & CO	6,290	12/31/2013
AMERICAN BALANCED FUND	BOEING CO	6,290	12/31/2013
DIMENSIONAL LARGE CAP V	BANK OF AMERICA CORPOR	693,930	12/31/2013
DIMENSIONAL LARGE CAP V	CITIGROUP INC	661,850	12/31/2013
DIMENSIONAL LARGE CAP V	CHEVRON CORP	604,445	12/31/2013
DIMENSIONAL LARGE CAP V	AT&T INC	558,858	12/31/2013
DIMENSIONAL LARGE CAP V	CONOCOPHILLIPS	557,170	12/31/2013
PLAN ULTRASHORT DURATI	GNMA FRN	9,729	12/31/2013
PLAN ULTRASHORT DURATI	GNMA 5.616%	8,539	12/31/2013
PLAN ULTRASHORT DURATI	WORLD FIN NET CCMT 2010-	7,349	12/31/2013
PLAN ULTRASHORT DURATI	SBA FRN	7,279	12/31/2013
PLAN ULTRASHORT DURATI	BB&T CORPORATION 3.95%	7,069	12/31/2013
PLAN ULTRASHORT DURATI	FNMA 5.97%	11,818	12/31/2013
PLAN ULTRASHORT DURATI	GNMA 4.862%	9,059	12/31/2013
PLAN ULTRASHORT DURATI	GNMA 4.858%	8,999	12/31/2013
PLAN ULTRASHORT DURATI	FNMA 2.51%	8,279	12/31/2013
PLAN ULTRASHORT DURATI	GNMA FRN	7,439	12/31/2013
SCHWAB FUND INTER L/C IN	BP PLC	52,944	12/31/2013
SCHWAB FUND INTER L/C IN	TOTAL SA	44,902	12/31/2013
SCHWAB FUND INTER L/C IN	MINI MSCI EAFE DEC13 XNLI	43,115	12/31/2013
SCHWAB FUND INTER L/C IN	ROYAL DUTCH SHELL PLC C	36,636	12/31/2013
SCHWAB FUND INTER L/C IN	VODAFONE GROUP PLC	34,179	12/31/2013
SCHWAB FUND US S/M CO	RUSSELL 2000 MINI DEC13 I	48,308	12/31/2013
SCHWAB FUND US S/M CO	SOUTHWEST AIRLINES CO	31,702	12/31/2013
SCHWAB FUND US S/M CO	DELTA AIR LINES CO	29,186	12/31/2013
SCHWAB FUND US S/M CO	SUNEDISON INC	18,619	12/31/2013
SCHWAB FUND US S/M CO	UNITED CONTINENTAL HOLD	16,606	12/31/2013
SSGA S&P 500 INDX NL FUND	APPLE INC	237,037	12/31/2013
SSGA S&P 500 INDX NL FUND	EXXON MOBIL CORP	207,697	12/31/2013
SSGA S&P 500 INDX NL FUND	GOOGLE INC-CL A	147,473	12/31/2013
SSGA S&P 500 INDX NL FUND	MICROSOFT CORPORATION	133,575	12/31/2013
SSGA S&P 500 INDX NL FUND	GENERAL ELECTRIC CO	133,575	12/31/2013
T ROWE PRICE RETIREMENT	T. ROWE PRICE GROWTH ST	5,264	12/31/2013
T ROWE PRICE RETIREMENT	T. ROWE PRICE VALUE	4,625	12/31/2013
T ROWE PRICE RETIREMENT	T. ROWE PRICE EQUITY INDE	3,259	12/31/2013
T ROWE PRICE RETIREMENT	T. ROWE PRICE NEW INCOM	3,247	12/31/2013
T ROWE PRICE RETIREMENT	T. ROWE PRICE INTL GR & IN	2,092	12/31/2013
VANGUARD SHORT-TERM FE	US TREASURY NOTE 0.875%	11,427	12/31/2013
VANGUARD SHORT-TERM FE	FNMA 0.5%	11,074	12/31/2013
VANGUARD SHORT-TERM FE	FNMA 0.5%	9,920	12/31/2013
VANGUARD SHORT-TERM FE	FNMA 0.5%	8,482	12/31/2013
VANGUARD SHORT-TERM FE	FNMA 2.375%	8,011	12/31/2013

GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	262,726,037	262,090,056	(635,981)
30.2 Preferred stocks	485,240	485,240	
30.3 Totals	263,211,277	262,575,296	(635,981)

30.4 Describe the sources or methods utilized in determining the fair values:
PROVIDED BY RATING SOURCES UTILIZED BY THE CUSTODIAN, STATE STREET BANK. PRICING SOURCES INCLUDE IDC, FUNDWEB, AND BLOOMBERG.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 3,297,580

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
BLUE CROSS BLUE SHIELD ASSOCIATION	\$ 1,746,297
	\$
	\$

34.1 Amount of payments for legal expenses, if any? \$ 1,322,737

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
MCDERMOTT, WILL & EMERY LLP	\$ 418,531
	\$
	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 1,652,764

GENERAL INTERROGATORIES

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [X] No []

1.2 If yes, indicate premium earned on U.S. business only.

\$ 54,736,395

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 42,774,605

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$ 5,571,774

1.62 Total incurred claims

\$ 4,508,760

1.63 Number of covered lives

2,507

All years prior to most current three years:

1.64 Total premium earned

\$ 34,446,328

1.65 Total incurred claims

\$ 27,874,470

1.66 Number of covered lives

15,502

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$ 1,455,008

1.72 Total incurred claims

\$ 1,027,261

1.73 Number of covered lives

692

All years prior to most current three years:

1.74 Total premium earned

\$ 13,263,284

1.75 Total incurred claims

\$ 9,364,111

1.76 Number of covered lives

6,308

2. Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

\$ 1,539,968,331

\$ 1,535,628,750

2.2 Premium Denominator

\$ 1,539,968,331

\$ 1,535,628,750

2.3 Premium Ratio (2.1 / 2.2)

1.000

1.000

2.4 Reserve Numerator

\$ 147,635,541

\$ 143,996,298

2.5 Reserve Denominator

\$ 163,058,600

\$ 162,538,999

2.6 Reserve Ratio (2.4 / 2.5)

0.905

0.886

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [] No [X]

5.2 If no, explain:

THE COMPANY EVALUATES THE NEED FOR REINSURANCE BY REVIEWING THE LINES OF BUSINESS UNDERWRITTEN AND CONTRACTS IN FORCE. FOR CALENDAR YEAR 2013, THERE WAS NOT A NEED TO ENTER INTO A STOP-LOSS REINSURANCE AGREEMENT.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

STATE INSURANCE LAW MANDATES THE PLAN HAVE TOTAL RESERVES SUFFICIENT TO PAY CLAIMS AND ADMINISTRATIVE EXPENSES FOR NOT LESS THAN ONE MONTH. ALSO, THE PLAN HAS HOLD HARMLESS PROVISIONS IN ITS CONTRACTS WITH PARTICIPATING HOSPITALS AND PROVIDERS. IN ADDITION, THE PLAN HAS A CONTINUATION OF COVERAGE POLICY IN FORCE TO PROTECT SUBSCRIBERS AND THEIR DEPENDENTS AGAINST THE RISK OF INSOLVENCY.

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes ☒ No ☐

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

3,855

8.2 Number of providers at end of reporting year

4,234

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes ☐ No ☒

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes ☐ No ☒

10.2 If yes:

10.21 Maximum amount payable bonuses

\$

10.22 Amount actually paid for year bonuses

\$

10.23 Maximum amount payable withholds

\$

10.24 Amount actually paid for year withholds

\$

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,

Yes ☐ No ☒

11.14 A Mixed Model (combination of above)?

Yes ☐ No ☒

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes ☒ No ☐

11.3 If yes, show the name of the state requiring such net worth:

RHODE ISLAND

11.4 If yes, show the amount required.

\$ 128,122,394

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation:

TOTAL UNDERWRITING DEDUCTIONS PAGE 4 LINE 23 \$1,537,468,730 DIVIDED BY TWELVE (12) MONTHS TO DERIVE THE MINIMUM NET WORTH OF \$128,122,394.

12. List service areas in which reporting entity is licensed to operate:

1		
Name of Service Area		
RHODE ISLAND		

13.1 Do you act as a custodian for health savings accounts?

Yes ☐ No ☒

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$

13.3 Do you act as an administrator for health savings accounts?

Yes ☐ No ☒

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$

FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	601,465,897	583,688,989	605,459,619	606,811,906	678,811,789
2. Total liabilities (Page 3, Line 24)	313,864,697	323,505,534	282,057,660	357,825,521	380,090,428
3. Statutory surplus	128,122,394	134,068,737	124,470,969	140,971,579	152,466,148
4. Total capital and surplus (Page 3, Line 33)	287,601,200	260,183,455	323,401,959	248,986,385	298,721,361
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,537,716,047	1,558,114,822	1,568,919,402	1,631,066,913	1,703,431,639
6. Total medical and hospital expenses (Line 18)	1,322,518,992	1,374,804,008	1,339,095,989	1,441,329,089	1,468,119,146
7. Claims adjustment expenses (Line 20)	69,234,306	84,909,363	92,075,577	88,526,853	89,814,615
8. Total administrative expenses (Line 21)	145,715,432	149,111,473	155,180,064	170,703,009	170,246,019
9. Net underwriting gain (loss) (Line 24)	247,317	(50,710,022)	75,267,772	(60,592,038)	(126,162,141)
10. Net investment gain (loss) (Line 27)	22,038,924	16,664,500	10,733,049	29,702,359	16,688,392
11. Total other income (Lines 28 plus 29)	(416,416)	(7,448,147)	(13,299,153)	9,666,943	4,417,521
12. Net income or (loss) (Line 32)	21,748,694	(41,536,449)	72,708,907	(14,079,686)	(99,944,419)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	22,790,025	(15,783,232)	15,476,526	(36,992,190)	(12,426,528)
Risk-Based Capital Analysis					
14. Total adjusted capital	287,601,200	260,183,455	323,401,959	248,986,385	298,721,361
15. Authorized control level risk-based capital	56,628,006	55,145,307	52,986,166	54,839,634	56,298,644
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	344,178	355,338	351,804	353,931	383,164
17. Total members months (Column 6, Line 7)	4,144,418	4,280,870	4,202,517	4,451,995	4,649,054
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	86.0	88.2	85.4	88.4	86.2
20. Cost containment expenses	1.7	1.9	1.6	1.6	1.3
21. Other claims adjustment expenses	3.9	3.5	4.2	3.8	4.0
22. Total underwriting deductions (Line 23)	100.0	103.3	95.2	103.7	107.4
23. Total underwriting gain (loss) (Line 24)	0.0	(3.3)	4.8	(3.7)	(7.4)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	129,607,041	111,554,999	113,600,091	134,920,896	116,502,593
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	137,035,267	113,042,551	126,432,739	124,696,132	133,567,388
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	3,764,792	4,393,561	4,892,786	5,892,139	5,169,448
32. Total of above Lines 26 to 31	3,764,792	4,393,561	4,892,786	5,892,139	5,169,448
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No [X]

If no, please explain:

29

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

States, Etc.		1	Direct Business Only							
			2	3	4	5	6	7	8	9
			Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	L	1,065,992,473	376,407,945		97,717,071			1,540,117,489	
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal		X X X	1,065,992,473	376,407,945		97,717,071			1,540,117,489	
60. Reporting entity contributions for Employee Benefit Plans		X X X	529,556	304,020					833,576	
61. Totals (Direct Business)		(a) 1	1,066,522,029	376,711,965		97,717,071			1,540,951,065	

DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X							
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X							

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.
ALL PREMIUMS ARE ALLOCATED TO RHODE ISLAND

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Company Name

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND (Parent)

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. LEASEHOLD IMPROVEMENTS	303,295	303,295		
2505. COLLATERAL FUND HOME & HOST	251,401		251,401	394,779
2506. PNS EQUIPMENT/BLUE CROSS MDSE INVENTORY	7,626	7,626		
2507. PBM IMPLEMENTATION COST RECOVERY				1,773,615
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	562,322	310,921	251,401	2,168,394

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
WRITE-INS AGGREGATED AT LINE 23 FOR OTHER LIABILITIES				
2304. FEP & MISCELLANEOUS CLAIMS PAYABLES	2,334,805		2,334,805	1,081,708
2305. PAYABLE FOR ANNUAL EXPERIENCE ACCOUNTING	1,656,587		1,656,587	152,993
2306. LIABILITY FOR DIRECT PAY PREMIUM ASSISTANCE PROGRAM				2,762,002
2397. Totals (Lines 2304 through 2396) (Page 3, Line 23)	3,991,392		3,991,392	3,996,703

OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation

STATEMENT OF REVENUE AND EXPENSES

WRITE-INS AGGREGATED AT LINE 29 FOR STATEMENT OF REVENUE AND EXPENSES	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
2904. QUALIFIED PENSION SETTLEMENT			(9,186,130)
2905. PREMIUM ASSISTANCE PROGRAM		(18,175)	
2906. ELECTRONIC HEALTH RECORDS		(41,300)	
2907. INTEREST INCOME (NET OF PENALTIES)		(41,804)	21,527
2908. INVESTMENT EXPENSE (PREMIUM ASSISTANCE PROGRAM)		(56,989)	(179,076)
2909. EMR GRANT PROGRAM		(65,333)	(181,819)
2910. INTEREST EXPENSE LINE OF CREDIT		(284,615)	(224,592)
2911. BANK SERVICE CHARGES		(307,811)	(320,684)
2912. HEALTH INFORMATION EXCHANGE		(3,235,698)	(1,617,978)
2997. Totals (Lines 2901 through 2996) (Page 4, Line 2998)		(4,051,725)	(11,688,752)

OVERFLOW PAGE FOR WRITE-INS

Page 5 - Continuation

STATEMENT OF REVENUE AND EXPENSES

	1	2
WRITE-INS AGGREGATED AT LINE 47 FOR STATEMENT OF REVENUE AND EXPENSES	Current Year	Prior Year
4704. ADDITIONAL PENSION MINIMUM LIABILITY	(3,623,489)	(4,942,561)
4797. Totals (Lines 4701 through 4796) (Page 4, Line 4798)	(3,623,489)	(4,942,561)

OVERFLOW PAGE FOR WRITE-INS

Page 13 - Continuation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D – AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
WRITE-INS AGGREGATED AT LINE 05 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title Title XVIII Medicare	Title Title XIX Medicaid	Other
0597. Totals (Lines 0501 through 0596) (Page 13, Line 0598)									
	1	2	3	4	5	6	7	8	9
WRITE-INS AGGREGATED AT LINE 11 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title Title XVIII Medicare	Title Title XIX Medicaid	Other
1197. Totals (Lines 1101 through 1196) (Page 13, Line 1198)									

OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. AGENCY & PORTFOLIO MANAGEMENT FEES				884,086	884,086
2505. ADMIN ALLOWANCE BLUECARD HOST		(3,792,396)			(3,792,396)
2506. PBM IMPLEMENTATION COSTS		(328,169)			(328,169)
2507. HEALTH & WELLNESS PURCHASED SERVICES			(111,817)		(111,817)
2508. CLAIMS HANDLING EXPENSE		(3,498,900)			(3,498,900)
2509. ACA PATIENT CENTER TRUST FUND FEE			273,415		273,415
2510. BLUECARD ADMIN FEE INCOME	(3,907,166)	(9,565,808)			(13,472,974)
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)	(3,907,166)	(17,185,273)	161,598	884,086	(20,046,755)

OVERFLOW PAGE FOR WRITE-INS

Page 16 - Continuation

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year	Prior Year	Change in Total
	Total	Total	Nonadmitted Assets
DETAILS OF WRITE-IN LINES FOR OTHER THAN INVESTED ASSETS AT LINE 25	Nonadmitted Assets	Nonadmitted Assets	(Col. 2 - Col. 1)
2504. MISCELLANEOUS INVENTORY ITEMS		8,510	8,510
2597. Totals (Lines 2504 through 2596) (Page 16, Line 2598)		8,510	8,510

OVERFLOW PAGE FOR WRITE-INS

Page 17 - Continuation

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
WRITE-INS AGGREGATED AT LINE 06 FOR EXHIBIT 1						
0604. MEDICARE PRESCRIPTION DRUG PLAN	10,236	10,076	10,083	10,207	10,293	122,188
0605. TEMPORARY HIGH RISK POOL	158	172	159	136	120	1,827
0697. Totals (Lines 0601 through 0697) (Page 17, Line 06)	10,394	10,248	10,242	10,343	10,413	124,015

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 2	E16
Assets	2	Schedule D – Summary By Country	SI04
Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB - Part D - Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB - Part D - Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB - Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL - Part 1	E24
Five-Year Historical Data	29	Schedule DL - Part 2	E25
General Interrogatories	27	Schedule E – Part 1 – Cash	E26
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E27
Liabilities, Capital and Surplus	3	Schedule E – Part 3 – Special Deposits	E28
Notes To Financial Statements	26	Schedule E – Verification Between Years	SI15
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	39
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	38
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members	
Schedule BA – Part 2	E08	of a Holding Company Group	40
Schedule BA – Part 3	E09	Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule BA – Verification Between Years	SI03	Schedule Y - Part 2 – Summary of Insurer’s Transactions With Any Affiliates	42
Schedule D – Part 1	E10	Statement of Revenue and Expenses	4
Schedule D – Part 1A – Section 1	SI05	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 2	SI08	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 2D	13
		Underwriting and Investment Exhibit – Part 3	14